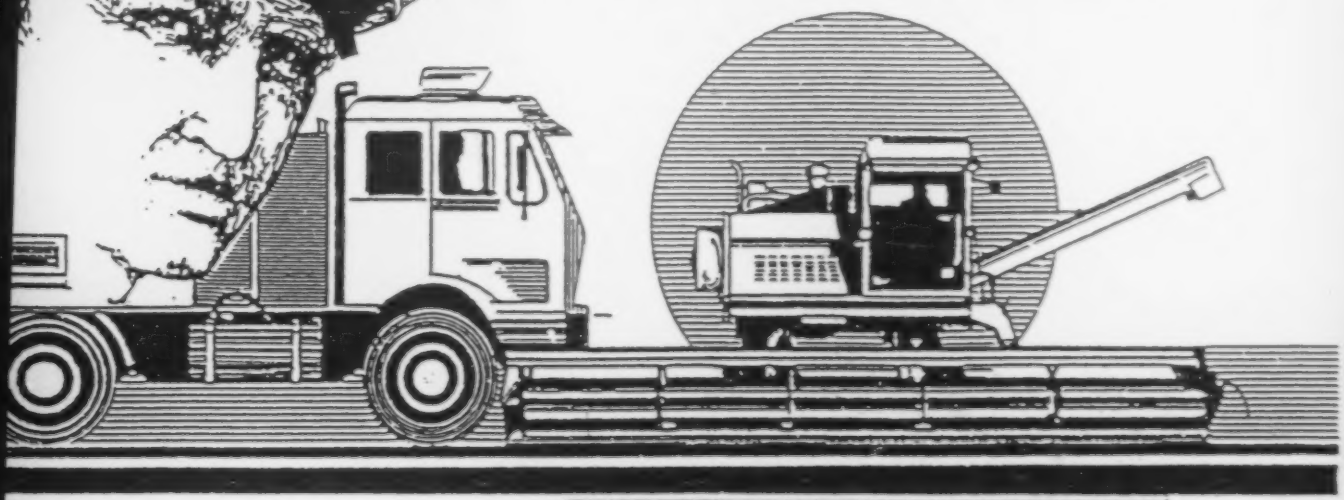
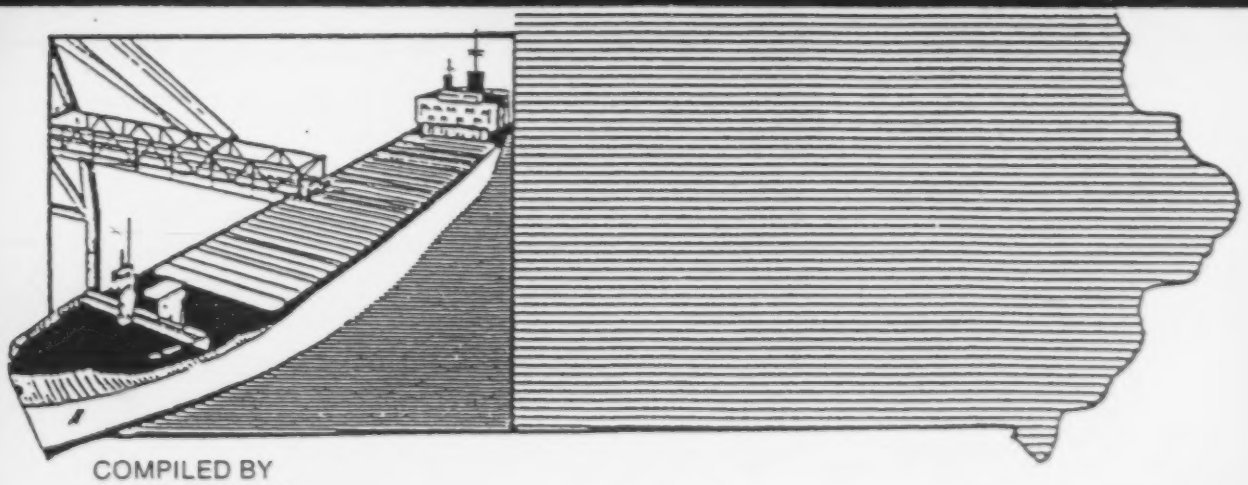
S2860-2-U

# Iowa Corporation Income and Franchise Tax Report

**Returns Filed in 1987 and 1988**





COMPILED BY
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# INTRODUCTION

This report presents information obtained from Iowa corporation income tax returns and Iowa franchise tax returns filed during calendar years 1987 and 1988.

The corporation income tax section contains a summary of corporate income tax law, an explanation of terminology, an analysis of data, and information concerning tax abatements granted by the Director of Revenue and Finance.

The franchise tax section contains a summary of Iowa franchise tax law and a definition of the taxable financial institutions. Also contained in the section is an examination of the allocation of franchise tax receipts to the state, city and county general funds.

The last section consists of a statistical appendix of tables which present a detailed analysis of pay returns, or those returns with a reported tax liability.

IOWA CORPORATIO. INCOME TAX

## SUMMARY OF CORPORATION INCOME TAX LAW

A corporate income tax is imposed annually upon each corporation organized under the laws of this state and upon every foreign corporation doing business in this state, except certain organizations exempted from the tax under Section 422.34, Code of Iowa, such as financial institutions, insurance companies, and non-profit organizations. If a corporation conducts all of its business or trade within the state, the tax is imposed upon its entire net income. If the corporation conducts its business partly within and partly without the state, the tax is imposed only on that portion of its net income attributable to the state.

### Allocation and Apportionment of Income

Net income subject to taxation in Iowa is determined as follows:

1. Allocation - Interest, dividends, rents and royalties received in connection with business in the state, shall be allocated to the state, and where received in connection with business outside the state, shall be allocated outside of the state.
2. Apportionment - The net income from the manufacture or sale of tangible personal property is apportioned to Iowa by the ratio of gross sales from goods delivered or shipped to a purchaser within the state regardless of F.O.B. point or other conditions of the sale, excluding deliveries for transportation out of the state, to the total gross sales of the corporation. Net business income from sources other than the manufacture or sale of tangible personal property is apportioned to Iowa by the ratio of the gross receipts within Iowa to the total gross receipts. Certain corporations compute their Iowa gross receipts by applying a secondary ratio, e.g. trackage, mileage, traffic units, to the total gross receipts.

## Iowa Taxable Income

Iowa taxable income for income reported on these returns is defined as net income properly computed for federal income tax purposes:

1. Less interest and dividends from federal securities.
2. Less 50 percent of the federal income taxes paid or accrued during the tax year, adjusted by any federal income tax refunds received.
3. Less any net operating loss deduction computed in the same manner as for federal income tax purposes with certain Iowa adjustments.
4. Plus interest and dividends from foreign securities and from securities of state and other political subdivisions exempt from federal income tax.
5. Plus any Iowa income tax deducted in computing taxable income for federal income tax purposes.

## Tax Rates

Iowa taxable income is subject to the following rates determining tax liability.

| Taxable Income | | Tax Rates |
|---|---|---|
| First | $ 25,000 | 6% |
| Next | $ 75,000 | 8% |
| Next | $150,000 | 10% |
| Over | $250,000 | 12% |

## EXPLANATION OF TERMINOLOGY

Apportioning Corporations - Corporations which do business both within and without the state are taxed by Iowa on only the net income derived from this state. Such a corporation must apportion its business income to determine the portion of income which is subject to Iowa corporate income tax.

Nonapportioning Corporations - Those corporations which do all their business or trade within the state.

Subchapter S Corporations - A Subchapter S corporation is one which elects to have the shareholders report the income and pay any tax due on their individual income tax returns rather than paying under the corporation income tax.

Pay and No Pay Returns - If a corporation has a tax liability greater than zero, it is classified as a pay return. No pay returns have zero tax liability.

Resident and Nonresident Corporations - Residency is determined by the mailing address from which the return was filed, and refers to the status of being located in the state or out of the state.

Business Class - Data in the report is grouped according to the major business activity indicated by the taxpayer. The data reported in one category may include business activity from another type of activity and therefore, should not be considered as an absolute indicator of business activity by a business class.

## INCOME TAX ABATEMENTS

The Director of Revenue and Finance has the power "to abate any portion of tax, interest, or penalties which he determines are excessive in amount of erroneously or illegally assessed." The table below summarizes the corporate income tax abatements for calendar 1987 and 1988.

Corporation Income Tax Abatements
Year Ending December 31, 1987 & 1988

| | Number of Returns | Tax | Penalty Interest and Fees | Total Amounts |
|---|---|---|---|---|
| 1987 | 3 | $2,301.40 | $2,016.70 | $4,318.10 |
| 1988 | 3 | $ 0 | $6,221.76 | $6,221.76 |

## SUMMARY OF CORPORATE PAY RETURNS FOR CALENDAR 1987 AND 1988

During the calendar year 1988, a total of 49,616 corporation income tax returns were filed with the Department as compared to 49,364 in 1987. Of total returns filed in 1988, 18,065 had a tax liability, 19,145 had no tax liability, and 12,406 corporations were Subchapter S corporations, for which the tax liability is passed on to the corporate shareholders. In comparison, for total returns filed in 1987, 18,049 had a tax liability, 20,834 had no tax liability, and 10,481 corporations were Subchapter S corporations.

TABLE A
Percentage Distribution of Returns by Payments Status for Resident and Nonresident Returns Filed in 1987 and 1988

| | Resident | | Nonresident | | Total | |
|---|---|---|---|---|---|---|
| Type of Return | 1987 % of Total | 1988 % of Total | 1987 % of Total | 1988 % of Total | 1987 % of Total | 1988 % of Total |
| Pay | 36.4% | 36.3% | 37.1% | 37.0% | 36.6% | 36.4% |
| No-Pay | 39.6% | 35.9% | 54.7% | 51.1% | 42.2% | 38.6% |
| Subchapter S | 24.0% | 27.8% | 8.2% | 11.9% | 21.2% | 25.0% |
| | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

As shown in Table A, the percentage distribution of pay returns remained at approximately 36 percent of total returns filed in 1987 and 1988 while no-pay returns decreased from 42.2 percent to 38.6 percent. The share of Subchapter S corporations increased from 21.2 percent in 1987 to 25.0 percent in 1988. Returns filed by Subchapter S corporations increased from 10,481 in 1987 to 12,406 in 1988. Much of this growth is attributed to the Federal Tax Reform Act of 1986 which dropped the highest Federal personal income tax rate below the highest corporate income tax rate.

The 18,065 pay returns filed in 1988 had a total tax liability of $142.5 million as compared to $138.3 million on 18,049 returns in 1987.

TABLE B
TOTAL CORPORATION PAY RETURNS AND INCOME
TAX PAID BY TAXABLE INCOME BRACKETS

1987

| Taxable Income | Number of Returns | % of Returns | Computed Tax | % of Total |
|---|---|---|---|---|
| $ 0-$ 25,000 | 11,229 | 62.2% | $ 5,649,473.34 | 4.1% |
| $ 25,000-$ 100,000 | 5,323 | 29.4 | $18,199,665.52 | 13.2 |
| $100,000-$ 500,000 | 1,188 | 6.6 | $21,040,886.88 | 15.2 |
| $500,000-$1,000,000 | 154 | .9 | $11,473,554.48 | 8.3 |
| $1,000,000 and Over | 155 | .9 | $81,915,917.28 | 59.2 |
| TOTAL | 18,049 | 100.0% | $138,279,497.50 | 100.0% |



1988

| Taxable Income | Number of Returns | % of Returns | Computed Tax | % of Total |
|---|---|---|---|---|
| $ 0-$ 25,000 | 10,932 | 60.5% | $ 5,426,966.40 | 3.8% |
| $ 25,000-$ 100,000 | 5,472 | 30.3 | $ 19,005,219.20 | 13.3 |
| $100,000-$ 500,000 | 1,315 | 7.3 | $ 23,508,929.52 | 16.5 |
| $500,000-$1,000,000 | 162 | .9 | $ 12,266,798.26 | 8.6 |
| $1,000,000 and Over | 184 | 1.0 | $ 82,311,357.12 | 57.8 |
| TOTAL | 18,065 | 100.0% | $142,519,270.50 | 100.0% |

## ANALYSIS OF CORPORATE PAY RETURNS

### TOTAL RETURNS

During the calendar year 1988, a grand total of 18,065 pay corporation income tax returns were filed. This is an increase of 16 pay returns over the 18,049 returns filed during calendar 1987. These corporations had a total tax liability of $142.5 million during calendar year 1988, for a 3 percent increase over the $138.3 million liability in 1987.

### ANALYSIS BY TAXABLE INCOME

Table 1 of the Appendix presents total returns and tax liability by taxable income for calendar 1987 and 1988. The distribution of tax payment by income bracket is considerably different than the distribution by the number of returns filed. For example, in 1987 and 1988 (see Table B), while approximately 60 percent of all corporations with tax liability had taxable income under $25,000 they only paid approximately 4 percent of the tax. In comparison, less than 200 corporations with taxable income of $1,000,000 and over, accounted for approximately 1 percent of all pay returns but paid 60 percent of the tax.

### RESIDENT AND NONRESIDENT

The majority of corporations that file tax returns with the Department have their headquarters within the state of Iowa. During 1987 and 1988 approximately 82 percent of the total returns filed were resident returns. At the same time, however, tax liability was more evenly split between resident and nonresident returns. Historically, the predominance of returns appear in the lowest income brackets, while a very small percentage of returns are in the uppermost income brackets. As shown in Table C, this distribution is particularly evident for resident returns where the lowest bracket had approximately 60 percent of returns in 1987 and 1988 and the

TABLE C
COMPARISON OF RETURNS AND TAX
BY TAXABLE INCOME
FOR RESIDENT AND NONRESIDENT RETURNS
RETURNS FILED 1987 AND 1988

1987

| Taxable Income Brackets | RETURNS Resident Number | RETURNS Resident % Dist. | RETURNS Nonresident Number | RETURNS Nonresident % Dist. | TAX Resident Amount | TAX Resident % Dist. | TAX Nonresident Amount | TAX Nonresident % Dist. |
|---|---|---|---|---|---|---|---|---|
| $ 0-$ 25,000 | 9,291 | 62.6% | 1,938 | 60.70% | $ 4,857,926.88 | 7.3% | $ 791,546.46 | 1.1% |
| $ 25,000-$ 100,000 | 4,680 | 31.5 | 643 | 20.1 | 15,944,158.32 | 24.1 | 2,255,507.20 | 3.1 |
| $100,000-$ 500,000 | 778 | 5.2 | 410 | 12.8 | 12,591,149.10 | 19.0 | 8,449,737.78 | 11.7 |
| $500,000-$1,000,000 | 64 | .4 | 90 | 2.8 | 4,731,865.32 | 7.2 | 6,741,689.16 | 9.4 |
| $1,000,000 and Over | 39 | .3 | 116 | 3.6 | 28,047,175.92 | 42.4 | 53,868,741.36 | 74.7 |
| TOTAL | 14,852 | 100.0% | 3,197 | 100.0% | $66,172,275.54 | 100.0% | $72,107,221.96 | 100.0% |



1988

| Taxable Income Brackets | RETURNS Resident Number | RETURNS Resident % Dist. | RETURNS Nonresident Number | RETURNS Nonresident % Dist. | TAX Resident Amount | TAX Resident % Dist. | TAX Nonresident Amount | TAX Nonresident % Dist. |
|---|---|---|---|---|---|---|---|---|
| $ 0-$ 25,000 | 9,005 | 61.0% | 1,927 | 58.6% | $ 4,665,249.00 | 6.5% | $ 761,717.40 | 1.1% |
| $ 25,000-$ 100,000 | 4,777 | 32.3 | 695 | 21.1 | 16,504,220.16 | 23.1 | 2,500,999.04 | 3.5 |
| $100,000-$ 500,000 | 881 | 6.0 | 434 | 13.2 | 14,552,204.26 | 20.4 | 8,956,725.26 | 12.6 |
| $500,000-$1,000,000 | 62 | .4 | 100 | 3.0 | 4,495,216.44 | 6.3 | 7,771,581.82 | 10.9 |
| $1,000,000 and Over | 48 | .3 | 136 | 4.1 | 31,202,381.40 | 43.7 | 51,108,975.72 | 71.9 |
| TOTAL | 14,773 | 100.0% | 3,292 | 100.0% | $71,419,271.26 | 100.0% | $71,099,999.24 | 100.0% |

highest two brackets had .7 percent. In contrast, among nonresident returns, while approximately 60 percent of returns are in the $0-$25,000 income bracket, returns in the top two brackets account for 6.4 percent of nonresident returns in 1987 and 7.1 percent in 1988.

Payment of tax is generally concentrated in higher income brackets. This is most evident among the nonresident corporations where, in 1987 and 1988, over 70 percent of the tax was from the $1,000,000 plus income bracket. During the same period, only 1.1 percent of the tax was from nonresident firms with taxable income of less than $25,000. For resident corporations, the tax liability was distributed throughout the income range more evenly. Resident corporations with taxable income at $1,000,000 and over had 42.4 percent and 43.7 percent of the resident tax liability in 1987 and 1988, respectively. Resident corporations with taxable income less than $100,000, however, accounted for approximately 30 percent of the tax in 1987 and 1988.

RETURNS AND TAX BY BUSINESS CLASS

Table 2 of the Statistical Appendix displays total returns by business class for 1987 and 1988. This table reveals that in 1987 and 1988, the category of services had the largest number of filers with approximately 3,900 returns. During the same period of time, the category of manufacturing had the largest liability with $38.4 million in 1987 and $50.2 million in 1988.

The total number of pay return filers increased by 0.1 percent from 1987 and 1988 (See Table D). Agricultural corporations had the greatest percentage increase in filers, rising 9.5 percent over the number of returns filed in 1987. At the same time, returns filed by finance corporations had the largest decrease at 5.0 percent.

Computed tax increased 3.1 percent from 1987 to 1988 and showed great fluctuation by category. The largest increase was 39.2 percent for mining followed by manufacturing with 30.8%. Utilities and transporation dropped by 32.1 percent followed by a 3.8 percent decrease for construction.

TABLE D
NUMBER OF RETURNS AND COMPUTED TAX
BY BUSINESS CLASS

| Business Class | Number of Returns 1987 | Number of Returns 1988 | % Change | Computed Tax 1987 | Computed Tax 1988 | % Change |
|---|---|---|---|---|---|---|
| Agriculture | 2,742 | 3,002 | + 9.5% | $ 8,002,933.76 | $ 8,236,303.52 | + 2.9% |
| Mining | 54 | 57 | + 5.6 | $ 762,814.28 | $ 1,061,617.26 | +39.2 |
| Construction | 1,406 | 1,388 | - 1.3 | $ 4,357,907.68 | $ 4,191,434.68 | - 3.8 |
| Manufacturing | 1,708 | 1,747 | + 2.3 | $ 38,380,559.38 | $ 50,191,641.86 | +30.8 |
| Utilities and Transportation | 807 | 840 | + 4.1 | $ 36,512,553.56 | $ 24,795,855.00 | -32.1 |
| Wholesale Trade | 1,820 | 1,839 | + 1.0 | $ 11,780,612.46 | $ 13,474,141.18 | +14.4 |
| Retail Trade | 3,176 | 3,061 | - 3.6 | $ 17,432,944.98 | $ 19,128,090.68 | + 9.7 |
| Finance | 2,247 | 2,135 | - 5.0 | $ 11,341,863.06 | $ 11,666,503.68 | + 2.7 |
| Services | 3,924 | 3,908 | - .4 | $ 9,059,622.48 | $ 9,707,187.38 | + 7.1 |
| Miscellaneous | 165 | 88 | -46.7 | $ 647,685.86 | $ 66,495.26 | -88.7 |
| TOTAL | 18,049 | 18,065 | + .1 | $138,279,497.50 | $142,519,270.50 | + 3.1% |

## APPORTIONING AND NONAPPORTIONMENT RETURNS

An important feature of the corporate income tax structure is the method of tax payment for those that earn income both in and out of the state of Iowa. Apportioning corporations are those that earn business income both within and outside of the state. They must pay Iowa income tax on that portion of their total business income that Iowa represents to total sales. Nonapportioning corporations are those that have no sales outside Iowa and pay Iowa corporate tax on all their Iowa net income.

### Apportioning Returns

For returns filed during calendar 1988, 4,506 corporations that had a tax liability apportioned their income. This represents 24.9 percent of the 18,065 pay returns in 1988, up slightly from 24.4 percent in 1987. Even though these filers represent less than one quarter of the total, they had tax liability of $97.9 million in 1987 and $98.5 million in 1988. This represents 70.8 percent of the total tax liability in 1987 and 69.1 percent in 1988.

As Table E illustrates, the distribution of returns for apportioning corporations is weighted toward the lower brackets while the distribution of tax is heavily weighted toward the upper brackets. As shown, slightly more than 1 percent of the tax is paid by over approximately 60 percent of the filers, while less than 4 percent of the filers from the highest bracket pay approximately three quarters of the tax.

## Nonapportioning Returns

Nonapportioning corporations are those corporations which conduct all of their sales within the state of Iowa. On the average, nonapportioning corporations report a much smaller average tax than apportioning corporations. In 1987 and 1988 nonapportioning corporations had an average of $2,958 and $3,245 respectively while apportioning corporations had an average of approximately $22,000 for both years. Also, nonapportioning corporations are greater in number, comprising approximately 75 percent of the total pay returns filed. Table F shows that nonapportioning corporations were also concentrated largely in the lower income brackets with over 60 percent of the corporations having taxable income of less than $25,000 in 1987 and 1988. In addition, almost half of the tax liability is concentrated in the income brackets under $100,000. This is not characteristic of apportioning corporations, and displays the dominance of small corporations among nonapportioning corporations. This is further demonstrated by noting that, in 1987 and 1988, the percent of tax owed by nonapportioning corporations in the $1,000,000 and over category represented only 8.5 percent and 11.5 percent respectively of the total computed tax for apportioning corporations.

TOTAL APPORTIONE
BY TA

| Taxable Income Brackets | Number of Returns 1987 | 1988 | % of Return 1987 | 198 |
|---|---|---|---|---|
| $ 0-$ 25,000 | 2,556 | 2,488 | 58.1% | 5 |
| $ 25,000-$ 100,000 | 1,026 | 1,108 | 23.3 | 2 |
| $100,000-$ 500,000 | 566 | 625 | 12.9 | 1 |
| $500,000-$1,000,000 | 109 | 127 | 2.5 | |
| $1,000,000 and Over | 139 | 158 | 3.2 | |
| TOTAL | 4,396 | 4,506 | 100.0% | 100 |



TAB
TOTAL NONAPPORTIO
BY TA

| Taxable Income Brackets | Number of Returns 1987 | 1988 | % of Return 1987 | 198 |
|---|---|---|---|---|
| $ 0-$ 25,000 | 8,673 | 8,444 | 63.5% | 62. |
| $ 25,000-$ 100,000 | 4,297 | 4,364 | 31.5 | 32. |
| $100,000-$ 500,000 | 622 | 690 | 4.6 | 5. |
| $500,000-$1,000,000 | 45 | 35 | .3 | |
| $1,000,000 and Over | 16 | 26 | .1 | |
| TOTAL | 13,653 | 13,559 | 100.0% | 100 |

ABLE E
G PAY RETURNS AND TAX
ABLE INCOME

| | Computed Tax | | % of Tax | |
|---|---|---|---|---|
| | 1987 | 1988 | 1987 | 1988 |
| 2% | $ 1,104,232.62 | $ 1,070,107.38 | 1.1% | 1.1% |
| 6 | $ 3,684,732.00 | $ 4,003,557.28 | 3.8 | 4.1 |
| 9 | $11,384,893.88 | $12,749,492.20 | 11.6 | 12.9 |
| 8 | $ 8,156,976.00 | $ 9,692,773.54 | 8.3 | 9.8 |
| 5 | $73,560,189.00 | $71,004,638.04 | 75.2 | 72.1 |
| 0% | $97,891,023.50 | $98,520,568.44 | 100.0% | 100.0% |

E F
HING PAY RETURNS AND TAX
ABLE INCOME

| | Computed Tax | | % of Tax | |
|---|---|---|---|---|
| | 1987 | 1988 | 1987 | 1988 |
| % | $ 4,545,240.72 | $ 4,356,859.02 | 11.3% | 9.9% |
| | $14,514,933.52 | $15,001,661.92 | 35.9 | 34.0 |
| | $ 9,655,993.00 | $10,759,437.32 | 23.9% | 24.5 |
| | $ 3,316,578.48 | $ 2,574,024.72 | 8.2% | 5.9 |
| | $ 8,355,728.28 | $11,306,719.08 | 20.7 | 25.7 |
| % | $40,388,474.00 | $43,998,702.06 | 100.0% | 100.0% |

# IOWA FRANCHISE TAX

## SUMMARY OF THE IOWA FRANCHISE TAX LAW

### Taxable Institutions

Under Iowa law, financial institutions have been subject to a franchise tax for the privilege of doing business in the state. For taxation purposes, a financial institution is defined as a state bank pursuant to the provisions under Chapter 524 of the Iowa Code; a national banking association with its principal office in Iowa; a production credit association; a federally chartered savings and loan association; a financial institution chartered by the Federal Home Loan Bank Board; or an association, incorporated or authorized to do business under Chapter 534 of the Iowa code.

### Taxable Income

For tax years beginning on or after January 1, 1980, financial institutions as defined above must pay a franchise tax on their net incomes. Iowa net taxable income is determined by the same method as is utilized for Iowa corporation income tax purposes (see page 6) with the following exceptions:

1. A deduction is not allowed for interest and dividends from federal securities.
2. A deduction is not allowed for federal income taxes paid or accrued during the tax year.

### Tax Rate

Franchise tax is imposed annually in an amount equal to five percent of the net income received or accrued during the tax year.

## Allocation of Franchise Tax Revenue

Franchise tax net receipts are both a state and a local revenue source. From the total receipts, fifty-five percent is allocated to the state general fund and the remaining forty-five percent is distributed to the cities and counties in which the financial institutions are located. Of the remaining forty-five percent, quarterly payments to local governments are allocated as follows: 1. Sixty percent to the general fund of the city from which the tax is collected. 2. Forty percent to the county from which the tax is collected.

If a financial institution maintains one or more branch offices, the amount of tax distributed to the cities and counties in which the branch is located is based upon a percentage of the total business activity of the branch in comparison to the total business activity of the institution.

## ANALYSIS OF FRANCHISE TAX RETURNS RECEIVED

During calendar year 1988 a total of 684 franchise tax returns were received by the Department. This is an increase of 8 returns from 1987. Of the returns received in 1988, 488 had a total taxable income of $354,768,620 compared to 430 who had a taxable income of $283,136,177 in 1987. Computed tax increased from $14.2 million in 1987 to $17.9 million in 1988.

Table G shows the distribution of pay returns and computed tax by income brackets. As expected, the majority of tax paid is paid by a minority of filers in the higher income brackets. In 1988 filers with taxable income over $500,000 represented 37.9 percent of all filers but paid 79.0 percent of the tax. At the same time, filers under $500,000 taxable income represented 62.1% percent of all filers but paid only 21 percent of the total tax. Tables 5 and 6 of the Statistical Appendix shows more complete data on these financial institutions.

TABLE G

Number of Franchise Tax Returns
and Computed Tax by Taxable Income
($ Millions of Dollars)

Calendar 1987

| Taxable Income | Number of Returns | Percentage Distribution | Computed Tax | Distribution |
|---|---|---|---|---|
| $ 0-$100,000 | 73 | 17.00% | $ .239 | 1.70% |
| $100,000-$500,000 | 233 | 54.20 | 3.167 | 22.30 |
| Over $500,000 | 124 | 28.80 | 10.812 | 76.00 |
| | 430 | 100.00% | $14.218 | 100.00% |

Calendar 1988

| Taxable Income | Number of Returns | Percentage Distribution | Computed Tax | Distribution |
|---|---|---|---|---|
| $ 0-$100,000 | 46 | 9.4% | $ .130 | .70% |
| $100,000-$500.000 | 257 | 52.7 | 3.624 | 20.30 |
| Over $500,000 | 185 | 37.9 | 14.123 | 79.00 |
| | 488 | 100.0% | $17.877 | 100.00% |

# STATISTICAL

# APPENDIX

TABLE 1

TOTAL

TOTAL CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

RETURNS FILED IN 1987[1]

| Taxable Income Bracket | No. of Returns | Net Income Per Federal Return | 50% of Federal Income Tax | Adjusted Net Income | Income Subject To Tax | State Tax |
|---|---|---|---|---|---|---|
| $ 0-$ 25,000 | 11,229 | $ 3,592,710,705 | $ 312,409,585 | $ 3,233,173,312 | $ 94,157,889 | $ 5,649,473.34 |
| $ 25,001-$ 100,000 | 5,323 | 3,929,013,854 | 411,673,950 | 3,549,695,714 | 260,764,569 | 18,199,665.52 |
| $ 100,001-$ 250,000 | 891 | 5,064,458,636 | 671,130,784 | 4,448,860,103 | 133,544,766 | 11,126,976.60 |
| $ 250,001-$ 300,000 | 111 | 1,357,728,237 | 163,538,559 | 1,215,740,573 | 30,189,891 | 2,790,286.92 |
| $ 300,001-$ 400,000 | 122 | 2,086,855,360 | 202,412,037 | 1,674,825,791 | 42,645,201 | 4,202,424.12 |
| $ 400,001-$ 500,000 | 64 | 1,890,303,230 | 251,176,886 | 1,722,524,106 | 28,343,327 | 2,921,199.24 |
| $ 500,001-$ 750,000 | 105 | 3,926,578,394 | 386,418,216 | 3,426,898,113 | 63,690,163 | 6,855,319.56 |
| $ 750,001-$1,000,000 | 49 | 2,393,363,278 | 247,407,614 | 2,309,204,494 | 41,547,791 | 4,618,234.92 |
| $1,000,001-$2,000,000 | 78 | 8,524,548,293 | 1,153,164,025 | 7,470,448,987 | 101,693,904 | 11,618,268.48 |
| OVER -$2,000,000 | 77 | 25,245,790,110 | 2,603,269,424 | 22,617,496,087 | 590,626,240 | 70,297,648.80 |
| TOTAL PAY: | 18,049 | $ 58,011,350,097 | $ 6,402,601,080 | $51,668,867,280 | $ 1,387,203,741 | $138,279,497.50 |
| No-Pay: | 20,834 | | | | | |
| Subchapter S: | 10,481 | | | | | |
| GRAND TOTAL: | 49,364 | | | | | |

RETURNS FILED IN 1988[2]

| Taxable Income Bracket | No. of Returns | Net Income Per Federal Return | 50% of Federal Income Tax | Adjusted Net Income | Income Subject To Tax | State Tax |
|---|---|---|---|---|---|---|
| $ 0-$ 25,000 | 10,932 | $ 4,242,475,969 | $ 360,599,199 | $ 3,591,118,846 | $ 90,449,440 | $ 5,426,966.40 |
| $ 25,001-$ 100,000 | 5,472 | 6,957,569,100 | 882,429,131 | 6,043,007,268 | 271,765,240 | 19,005,219.20 |
| $ 100,001-$ 250,000 | 973 | 5,671,746,113 | 816,186,148 | 4,962,064,212 | 145,019,434 | 12,069,443.40 |
| $ 250,001-$ 300,000 | 130 | 2,188,538,499 | 227,030,711 | 2,074,982,885 | 35,580,535 | 3,294,664.20 |
| $ 300,001-$ 400,000 | 132 | 1,982,850,152 | 292,109,572 | 1,688,631,893 | 45,588,566 | 4,480,627.92 |
| $ 400,001-$ 500,000 | 80 | 2,059,154,478 | 247,843,517 | 1,778,300,893 | 35,534,950 | 3,664,194.00 |
| $ 500,001-$ 750,000 | 105 | 4,195,779,851 | 394,137,662 | 3,690,306,395 | 63,641,108 | 6,843,517.30 |
| $ 750,001-$1,000,000 | 57 | 5,841,404,205 | 482,086,427 | 5,432,868,037 | 48,756,508 | 5,423,280.96 |
| $1,000,001-$2,000,000 | 91 | 8,800,065,463 | 1,082,393,825 | 7,228,817,693 | 127,325,563 | 14,596,567.56 |
| $ Over-$2,000,000 | 93 | 35,347,056,052 | 4,243,749,512 | 31,216,054,642 | 570,102,413 | 67,714,789.56 |
| TOTAL PAY: | 18,065 | $ 77,286,639,882 | $ 9,028,565,704 | $67,706,152,764 | $ 1,433,763,757 | $142,519,270.50 |
| No-Pay: | 19,145 | | | | | |
| Subchapter S: | 12,406 | | | | | |
| GRAND TOTAL: | 49,616 | | | | | |

(1) During calendar 1987 there were 104 corporations who claimed $1,698,591 for the Iowa Research Activities/New Job Credit

(2) During calendar 1988 there were 114 corporations who claimed $1,890,545 for the Iowa Research Activities/New Job Credit

TOTAL CORPORATIO
BY BUSINESS CLASS

| Business Class | 1987 Pay Returns | | State Tax |
|---|---|---|---|
| Agriculture | 2,742 | 15.2% | $ 8,002,93 |
| Mining | 54 | .3% | 762,81 |
| Construction | 1,406 | 7.8% | 4,357,90 |
| Manufacturing | 1,708 | 9.5% | 38,380,55 |
| Utilities and Transportation | 807 | 4.5% | 36,512,55 |
| Wholesale Trade | 1,820 | 10.1% | 11,780,61 |
| Retail Trade | 3,176 | 17.6% | 17,432,94 |
| Finance | 2,247 | 12.4% | 11,341,86 |
| Services | 3,924 | 21.7% | 9,059,62 |
| Miscellaneous | 165 | .9% | 647,68 |
| TOTAL PAY: | 18,049 | 100.0% | $138,279,49 |
| No-Pay: | 20,834 | | |
| Subchapter S: | 10,481 | | |
| GRAND TOTAL: | 49,364 | | |

TOTAL

BLE 2

PAY RETURNS AND TAX
RETURNS FILED IN 1987 & 1988

| | | 1988 Pay Returns | | State Tax | |
|---|---|---|---|---|---|
| 76 | 5.8% | 3,002 | 16.6% | $ 8,236,303.52 | 5.8% |
| 28 | .6% | 57 | .3% | 1,061,617.26 | .7% |
| 68 | 3.2% | 1,388 | 7.7% | 4,191,434.68 | 2.9% |
| 38 | 27.7% | 1,747 | 9.7% | 50,191,641.86 | 35.2% |
| 56 | 26.3% | 840 | 4.6% | 24,795,855.00 | 17.4% |
| 46 | 8.5% | 1,839 | 10.2% | 13,474,141.18 | 9.5% |
| 98 | 12.6% | 3,061 | 16.9% | 19,128,090.68 | 13.4% |
| 06 | 8.2% | 2,135 | 11.8% | 11,666,503.68 | 8.2% |
| 48 | 6.6% | 3,908 | 21.7% | 9,707,187.38 | 6.8% |
| 86 | .5% | 88 | .5% | 66,495.26 | .1% |
| 50 | 100.0% | 18,065 | 100.0% | $142,519,270.50 | 100.0% |
| | | 19,145 | | | |
| | | 12,406 | | | |
| | | 49,616 | | | |

TOTAL NONAPPORTIONING CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

RETURNS FILED IN 1987

| Taxable Income Bracket | No. of Returns | Net Income Per Federal Return | 50% of Federal Income Tax | Adjusted Net Income | Income Subject To Tax | State Tax |
|---|---|---|---|---|---|---|
| $ 0-$ 25,000 | 8,673 | $ 95,292,181 | $ 5,074,419 | $ 94,995,654 | $ 75,754,012 | $ 4,545,240.72 |
| $ 25,001-$ 100,000 | 4,297 | 230,360,978 | 15,973,816 | 227,206,511 | 208,292,919 | 14,514,933.52 |
| $ 100,001-$ 250,000 | 511 | 81,868,119 | 9,963,074 | 78,246,818 | 73,463,912 | 6,068,891.20 |
| $ 250,001-$ 300,000 | 47 | 15,419,099 | 2,261,361 | 14,139,345 | 12,824,672 | 1,186,460.64 |
| $ 300,001-$ 400,000 | 46 | 18,226,305 | 2,668,779 | 16,817,910 | 16,150,845 | 1,593,101.40 |
| $ 400,001-$ 500,000 | 18 | 9,521,255 | 1,770,454 | 8,242,873 | 7,854,498 | 807,539.76 |
| $ 500,001-$ 750,000 | 32 | 24,471,469 | 4,130,098 | 22,321,249 | 19,349,752 | 2,081,970.24 |
| $ 750,001-$1,000,000 | 13 | 12,917,623 | 2,068,234 | 11,765,261 | 11,100,902 | 1,234,608.24 |
| $1,000,001-$2,000,000 | 9 | 11,764,316 | 1,917,005 | 11,115,470 | 10,963,265 | 1,248,091.80 |
| OVER -$2,000,000 | 7 | 65,461,840 | 12,661,255 | 59,667,804 | 59,667,804 | 7,107,636.48 |
| TOTAL PAY: | 13,653 | $ 565,303,185 | $ 58,488,495 | $ 544,518,895 | $ 495,422,581 | $ 40,388,474.00 |
| No-Pay: | 17,520 | | | | | |
| Subchapter S: | 10,481 | | | | | |
| GRAND TOTAL: | 41,654 | | | | | |

RETURNS FILED IN 1988

| Taxable Income Bracket | No. of Returns | Net Income Per Federal Return | 50% of Federal Income Tax | Adjusted Net Income | Income Subject To Tax | State Tax |
|---|---|---|---|---|---|---|
| $ 0-$ 25,000 | 8,444 | $ 100,512,300 | $ 5,730,651 | $ 99,233,952 | $ 72,614,317 | $ 4,356,859.02 |
| $ 25,001-$ 100,000 | 4,364 | 234,573,736 | 17,620,645 | 230,893,843 | 214,795,774 | 15,001,661.92 |
| $ 100,001-$ 250,000 | 568 | 112,517,452 | 15,459,674 | 120,367,676 | 81,821,508 | 6,762,150.80 |
| $ 250,001-$ 300,000 | 47 | 14,561,879 | 2,341,522 | 13,139,331 | 12,789,728 | 1,182,267.36 |
| $ 300,001-$ 400,000 | 51 | 19,808,228 | 3,010,950 | 18,311,160 | 17,542,348 | 1,722,581.76 |
| $ 400,001-$ 500,000 | 24 | 13,798,278 | 1,687,054 | 13,274,902 | 10,603,645 | 1,092,437.40 |
| $ 500,001-$ 750,000 | 25 | 15,963,757 | 2,636,616 | 15,126,545 | 15,126,545 | 1,627,685.40 |
| $ 750,001-$1,000,000 | 10 | 9,309,915 | 1,708,951 | 8,511,161 | 8,511,161 | 946,339.32 |
| $1,000,001-$2,000,000 | 15 | 22,534,373 | 3,312,553 | 20,347,849 | 20,347,849 | 2,329,241.88 |
| $ Over-$2,000,000 | 11 | 82,160,258 | 14,626,659 | 75,499,810 | 75,499,810 | 8,977,477.20 |
| TOTAL PAY: | 13,559 | $ 625,740,176 | $ 68,135,275 | $ 614,706,229 | $ 529,652,685 | $ 43,998,702.06 |
| No-Pay: | 15,975 | | | | | |
| Subchapter S: | 12,406 | | | | | |
| GRAND TOTAL: | 41,940 | | | | | |

TABLE 4

APPORTIONING

TOTAL APPORTIONING CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

RETURNS FILED IN 1987

| Taxable Income Bracket | No. of Returns | Net Income Per Federal Return | 50% of Federal Income Tax | Adjusted Net Income | Income Subject To Tax | State Tax |
|---|---|---|---|---|---|---|
| $ 0-$ 25,000 | 2,556 | $ 3,497,418,524 | $ 307,335,166 | $ 3,138,177,658 | $ 18,403,877 | $ 1,104,232.62 |
| $ 25,001-$ 100,000 | 1,026 | 3,698,652,876 | 395,700,134 | 3,322,489,203 | 52,471,650 | 3,684,732.00 |
| $ 100,001-$ 250,000 | 380 | 4,982,590,517 | 661,167,710 | 4,370,613,285 | 60,080,854 | 5,058,085.40 |
| $ 250,001-$ 300,000 | 64 | 1,342,309,138 | 161,277,198 | 1,201,601,228 | 17,365,219 | 1,603,826.28 |
| $ 300,001-$ 400,000 | 76 | 2,068,629,055 | 199,743,258 | 1,658,007,881 | 26,494,356 | 2,609,322.72 |
| $ 400,001-$ 500,000 | 46 | 1,880,781,975 | 249,406,432 | 1,714,281,233 | 20,488,829 | 2,113,659.48 |
| $ 500,001-$ 750,000 | 73 | 3,902,106,925 | 382,288,118 | 3,404,576,864 | 44,340,411 | 4,773,349.32 |
| $ 750,001-$1,000,000 | 36 | 2,380,445,655 | 245,339,380 | 2,297,439,233 | 30,446,889 | 3,383,626.68 |
| $1,000,001-$2,000,000 | 69 | 8,512,783,977 | 1,151,247,020 | 7,459,333,517 | 90,730,639 | 10,370,176.68 |
| OVER -$2,000,000 | 70 | 25,180,328,270 | 2,590,608,169 | 22,557,828,283 | 530,958,436 | 63,190,012.32 |
| TOTAL PAY: | 4,396 | $ 57,446,046,912 | $ 6,344,112,585 | $51,124,348,385 | $ 891,781,160 | $ 97,891,023.50 |
| No-Pay: | 3,314 | | | | | |
| Subchapter S: | 0 | | | | | |
| GRAND TOTAL: | 7,710 | | | | | |

RETURNS FILED IN 1988

| Taxable Income Bracket | No. of Returns | Net Income Per Federal Return | 50% of Federal Income Tax | Adjusted Net Income | Income Subject To Tax | State Tax |
|---|---|---|---|---|---|---|
| $ 0-$ 25,000 | 2,488 | $ 4,141,963,669 | $ 354,868,548 | $ 3,491,884,894 | $ 17,835,123 | $ 1,070,107.38 |
| $ 25,001-$ 100,000 | 1,108 | 6,722,995,364 | 864,808,486 | 5,812,113,425 | 56,969,466 | 4,003,557.28 |
| $ 100,001-$ 250,000 | 405 | 5,559,228,661 | 800,726,474 | 4,841,696,536 | 63,197,926 | 5,307,292.60 |
| $ 250,001-$ 300,000 | 83 | 2,173,976,620 | 224,689,189 | 2,061,843,554 | 22,790,807 | 2,112,396.84 |
| $ 300,001-$ 400,000 | 81 | 1,963,041,924 | 289,098,622 | 1,670,320,733 | 28,046,218 | 2,758,046.16 |
| $ 400,001-$ 500,000 | 56 | 2,045,356,200 | 246,156,463 | 1,765,025,991 | 24,931,305 | 2,571,756.60 |
| $ 500,001-$ 750,000 | 80 | 4,179,816,094 | 391,501,046 | 3,675,179,850 | 48,514,563 | 5,215,831.90 |
| $ 750,001-$1,000,000 | 47 | 5,832,094,290 | 480,377,476 | 5,424,356,876 | 40,245,347 | 4,476,941.64 |
| $1,000,001-$2,000,000 | 76 | 8,777,531,090 | 1,079,081,272 | 7,208,469,844 | 106,977,714 | 12,267,325.68 |
| $ Over-$2,000,000 | 82 | 35,264,895,794 | 4,229,122,853 | 31,140,554,832 | 494,602,603 | 58,737,312.36 |
| TOTAL PAY: | 4,506 | $ 76,660,899,706 | $ 8,960,430,429 | $67,091,446,535 | $ 904,111,072 | $ 98,520,568.44 |
| No-Pay: | 3,170 | | | | | |
| Subchapter S: | 0 | | | | | |
| GRAND TOTAL: | 7,676 | | | | | |

TABLE 6

TOTAL FRANCHISE TAX PAY RETURNS AND TAX
BY TAXABLE INCOME

For Year Ending December 31, 1988

| Taxable Income Bracket | Pay Returns | Federal Taxable Income | Interest and Dividends Exempt Federal Tax | Income Subject To Tax | State Tax |
|---|---|---|---|---|---|
| $ 0-$ 25,000 | 10 | $ 1,422,561 | $ 319,937 | $ 116,085 | $ 7,290.40 |
| $ 25,001-$ 100,000 | 36 | 2,030,689 | 1,265,909 | 2,264,071 | 122,949.65 |
| $ 100,001-$ 150,000 | 29 | 3,978,661 | 1,661,745 | 3,627,730 | 185,685.05 |
| $ 150,001-$ 200,000 | 47 | 4,132,355 | 4,203,153 | 8,097,533 | 406,065.45 |
| $ 200,001-$ 250,000 | 38 | 6,806,676 | 2,964,198 | 8,726,031 | 438,631.30 |
| $ 250,001-$ 500,000 | 143 | 34,569,221 | 15,669,379 | 51,511,916 | 2,594,029.45 |
| $ 500,001-$ 750,000 | 75 | 30,537,292 | 14,223,916 | 46,326,569 | 2,322,101.70 |
| $ 750,001-$1,000,000 | 34 | 15,518,861 | 13,569,541 | 29,048,897 | 1,460,629.55 |
| $ Over-$1,000,000 | 76 | 117,247,592 | 85,579,543 | 205,049,788 | 10,340,209.35 |
| SUB TOTAL: | 488 | $ 216,243,908 | $ 139,457,321 | $ 354,768,620 | $ 17,877,591.90 |
| No-Pay: | 196 | | | | |
| GRAND TOTAL: | 684 | | | | |

TABLE 5

TOTAL FRANCHISE TAX PAY RETURNS AND TAX
BY TAXABLE INCOME

For Year Ending December 31, 1987

| Taxable Income Bracket | No. of Returns | Federal Taxable Income | Interest and Dividends Exempt Federal Tax | Income Subject To Tax | State Tax |
|---|---|---|---|---|---|
| $ 0-$ 25,000 | 12 | $ (1,250,146) | $ 1,496,832 | $ 205,072 | $ 10,253.60 |
| $ 25,001-$ 100,000 | 61 | 361,758 | 4,173,115 | 4,178,568 | 228,426.70 |
| $ 100,001-$ 150,000 | 27 | 1,919,907 | 1,801,703 | 3,405,121 | 171,069.80 |
| $ 150,001-$ 200,000 | 47 | 5,047,905 | 3,389,657 | 8,162,189 | 411,770.35 |
| $ 200,001-$ 250,000 | 39 | 5,383,741 | 3,042,784 | 8,767,291 | 442,063.85 |
| $ 250,001-$ 500,000 | 120 | 21,771,200 | 20,625,288 | 42,582,418 | 2,141,881.45 |
| $ 500,001-$ 750,000 | 50 | 15,653,837 | 14,063,415 | 30,946,798 | 1,560,121.15 |
| $ 750,001-$1,000,000 | 22 | 10,042,884 | 8,045,157 | 18,761,960 | 944,538.35 |
| $ Over-$1,000,000 | 52 | 76,398,478 | 82,741,445 | 166,126,760 | 8,307,824.90 |
| SUB TOTAL: | 430 | $ 135,329,564 | $ 139,379,396 | $ 283,136,177 | $ 14,217,950.15 |
| No-Pay: | 246 | | | | |
| GRAND TOTAL: | 676 | | | | |